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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
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10/676,056

09/30/2003

Emerson P. Jones

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EXAMINER

MERCHANT, SHAHID R

ART UNIT

PAPER NUMBER

3694

SHORTENED STATUTORY PERIOD OF RESPONSE	MAIL DATE	DELIVERY MODE
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3 MONTHS

04/06/2007

PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

If NO period for reply is specified above, the maximum statutory period will apply and will expire 6 MONTHS from the mailing date of this communication.

Office Action Summary

Application No.

10/676,056

Applicant(s)

JONES ET AL.

Examiner

Shahid R. Merchant

Art Unit

3694

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 9/30/2003.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-16 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-16 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☒ The drawing(s) filed on 9/30/2003 is/are: a) ☐ accepted or b) ☒ objected to by the Examiner.
- Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
- Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. _____.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- * See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- 1) ☒ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☐ Information Disclosure Statement(s) (PTO/SB/08)
Paper No(s)/Mail Date _____
- 4) ☐ Interview Summary (PTO-413)
Paper No(s)/Mail Date. _____
- 5) ☐ Notice of Informal Patent Application
- 6) ☐ Other: _____

DETAILED ACTION

Priority

1. Examiner has given consideration to applicant's Provisional Application No. 60/414735 filed on September 30, 2002. For examining purposes of this application, the effective filing date will be September 30, 2002.

Drawings

2. New corrected drawing in compliance with 37 CFR 1.121(d) are required in this application. Figures 1-18 contain improper shading and handwritten text, which may affect clarity once reproduced. Applicant is advised to employ the services of a competent patent draftsman outside the Office, as the U.S. Patent and Trademark Office no longer prepares new drawings. The corrected drawings are required in reply to the Office action to avoid abandonment of the application. The requirement for corrected drawings will not be held in abeyance.

Claim Rejections - 35 USC § 112

3. The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

4. Claims 1 and 9 rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which

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applicant regards as the invention. The phrase “at least some of the input data” is indefinite. Applicant should define what data is essential and what data may be optional for the formula to work. The formula in claim 1 may not work, if at least some of the input data is used.

5. Claims 2 and 10 rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. Applicant states iteratively changing a value of a stock price associated with entity, however the Earnings Per Share formula below

$$EPS = DPS_0 + \frac{Earnings_0 - N_o \times DPS_0 - Coupon}{N_o + \Delta N_{eff}}$$

does not contain any variable which is associated with a price of a stock. Therefore, it is unclear how a change in stock price can change the earnings per share (EPS) using the formula above.

6. Claims 3-8 and 11-16 are rejected for incorporating the errors of their respective base claim dependency.

Claim Rejections - 35 USC § 103

7. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

8. Claims 1-4, 8-12 and 16 rejected under 35 U.S.C. 103(a) as being unpatentable over Intermediate Accounting, 5th Edition by Loren Nikolai and John Bazley (see PTO-892, Ref. U). Hereinafter Nikolai and Bazley.

9. As per claim 1, Nikolai and Bazley teach a method for characterizing earnings of an entity, which method comprises the steps of:

inputting data associated with the entity including a number of common shares outstanding, a value of earnings, a value of dividends per share, a change in the effective number of common shares outstanding, which change in the effective number of common shares outstanding reflects the possibility, based upon an economically reasonable analysis in light of market conditions, of conversion of a convertible security; and a value of coupon payments;

calculating at least one value of earnings per share associated with the entity based upon at least some of the input data, wherein each value of earnings per share is calculated at least in part using the formula

$$EPS = DPS_0 + \frac{Earnings_0 - N_0 \times DPS_0 - Coupon}{N_0 + \Delta N_{eff}}$$

wherein $Earnings_0$ equals the input value of earnings, N_0 equals the input number of common shares outstanding, DPS_0 equals the input value of dividends per share, Coupon equals the input value of coupon payments, and ΔN_{eff} equals the input change in the effective number of common shares outstanding;

calculating values of earnings per share risk associated with the entity based upon at least some of the input data; and

recording the calculated earnings per share values associated with the entity and the calculated earnings per share risk values associated with the entity (see Ref. U, Chapter 22, pages 1183-1205).

Nikolai and Bazley do not explicitly teach the automating (using of computer) of claim 1.

It was known at the time of the invention that merely providing an automatic means to replace a manual activity which accomplishes the same result is not sufficient to distinguish over the prior art, *In re Venner*, 262 F.2d 91, 95, 120 USPQ 193, 194 (CCPA 1958). For example, simply inputting numbers into a formula for calculating Earnings Per Share gives you just what you would expect from the manual step as shown in Reference U (Nikolai and Bazley). In other words there is no enhancement found in the claimed calculation. The claimed calculation using a computer only provides automating the manual activity. A computer can simply calculate the formula faster. The result is the same.

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It would have been obvious to a person of ordinary skill in the art at the time of the invention to automate (use computer) the calculation of Earnings Per Share using the formula as described above because this would speed up the process of giving an investor data regarding an investment, which is purely known, and an expected result from automation of what is known in the art.

10. As per claim 2, Nikolai and Bazley teach the method of claim 1 as described above. Nikolai and Bazley further teach comprising:

iteratively changing a value of a stock price associated with the entity;

iteratively changing the value of coupon payments associated with the entity;

iteratively calculating additional values of earnings per share using the formula

(see Ref. U, Chapter 22, pages 1183-1205 and 1200).

$$EPS = DPS_0 + \frac{Earnings_0 - N_o \times DPS_0 - Coupon}{N_o + \Delta N_{eff}}$$

11. As per claim 3, Nikolai and Bazley teach the method of claim 1 as described above. Nikolai and Bazley further teach wherein the entity is a public corporation (see Ref. U, Chapter 22, pages 1183-1205).

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12. As per claim 4, Nikolai and Bazley teach the method of claim 3 as described above. Nikolai and Bazley further teach wherein at least one of the calculated earnings per share values and the calculated earnings per share risk values is applied to a financial presentation relating to at least one of a balance sheet and an earnings per share metric (see Ref. U, Chapter 22, pages 1197-1198, Exhibit 22-7).

13. As per claim 8, Nikolai and Bazley teach the method of claim 3 as described above. Nikolai and Bazley further teach wherein the economically reasonable analysis in light of market conditions takes into account a conversion premium associated with the convertible security (see Ref. U, Chapter 22, pages 1183-1205).

14. As per claim 9, Nikolai and Bazley teach a method implemented by a programmed computer system for characterizing earnings of an entity, which method comprises the steps of:

inputting data associated with the entity including a number of existing shares, a value of earnings, a value of an equity dividend, a value of an attributed after-tax interest expense from a convertible security, and a number of attributed shares from the convertible security, which number of attributed shares reflects the possibility, based upon an economically reasonable analysis in light of market conditions, of conversion of the convertible security;

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calculating at least one value of earnings per share associated with the entity based upon at least some of the input data, wherein each value of earnings per share is calculated at least in part using the formula $EPS = dividend\ per\ share + retained\ EPS$;

wherein dividend per share = the value of the equity dividend / the number of existing shares; and wherein retained EPS = (earnings without taking effect of any interest expense from the convertible security minus attributed after-tax interest expense from the convertible security) / (the number of existing shares plus the number of attributed shares from the convertible security);

calculating values of earnings per share risk associated with the entity based upon at least some of the input data; and

recording the calculated earnings per share values associated with the entity and the calculated earnings per share risk values associated with the entity (see Ref. U, Chapter 22, pages 1183-1205).

Nikolai and Bazley do not explicitly teach the automating (using of computer) of claim 1.

It was known at the time of the invention that merely providing an automatic means to replace a manual activity which accomplishes the same result is not sufficient to distinguish over the prior art, In re Venner, 262 F.2d 91, 95, 120 USPQ 193, 194 (CCPA 1958). For example, simply inputting numbers into a formula for calculating Earnings Per Share gives you just what you would expect from the manual step as shown in Reference U (Nikolai and Bazley). In other words there is no enhancement found in the claimed calculation. The claimed calculation using a computer only

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provides automating the manual activity. A computer can simply calculate the formula faster. The result is the same.

It would have been obvious to a person of ordinary skill in the art at the time of the invention to automate (use computer) the calculation of Earnings Per Share using the formula as described above because this would speed up the process of giving an investor data regarding an investment, which is purely known, and an expected result from automation of what is known in the art.

15. As per claim 10, Nikolai and Bazley teach the method of claim 9 as described above. Nikolai and Bazley further teach comprising:

iteratively changing a value of a stock price associated with the entity; iteratively changing the value of coupon payments associated with the entity;

iteratively calculating additional values of earnings per share using the formula $EPS = dividend\ per\ share + retained\ EPS$;

wherein dividend per share = the value of the equity dividend / the number of existing shares; and

wherein retained EPS = (earnings without taking effect of any interest expense from the convertible security minus attributed after-tax interest expense from the convertible security) / (the number of existing shares plus the number of attributed shares from the convertible security) (see Ref. U, Chapter 22, pages 1183-1205, 1200).

16. As per claim 11, Nikolai and Bazley teach the method of claim 9 as described above. Nikolai and Bazley further teach wherein the entity is a public corporation (see Ref. U, Chapter 22, pages 1183-1205).

17. As per claim 12, Nikolai and Bazley teach the method of claim 9 as described above. Nikolai and Bazley further teach wherein at least one of the calculated earnings per share values and the calculated earnings per share risk values is applied to a financial presentation relating to at least one of a balance sheet and an earnings per share metric (see Ref. U, Chapter 22, pages 1197-1198, Exhibit 22-7).

18. As per claim 16, Nikolai and Bazley teach the method of claim 9 as described above. Nikolai and Bazley further teach wherein the economically reasonable analysis in light of market conditions takes into account a conversion premium associated with the convertible security (see Ref. U, Chapter 22, pages 1183-1205).

19. Claim 5 rejected under 35 U.S.C. 103(a) as being unpatentable over Intermediate Accounting, 5th Edition by Loren Nikolai and John Bazley (see PTO-892,, Ref. U). as applied to claim 2 above, and further in view of Makivic, U.S. Patent No. 6,061,662 (see attached PTO-892, Ref. A).

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20. As per claim 5, Nikolai and Bazley teach the method of claim 2 as described above. Nikolai and Bazley do not explicitly teach wherein the iterations and calculations are carried out at least in part using a Monte Carlo simulation.

Makivic teaches wherein the iterations and calculations are carried out at least in part using a Monte Carlo simulation (see abstract).

Therefore, it would be prima facie obvious to a person of ordinary skill in the art at the time of the invention to combine the teachings of Nikolai, Bazley and Makivic to use Monte Carlo simulation for iterations and calculations because it is very flexible and can be applied to almost any problem as taught by Makivic (see column 1, lines 41-47).

21. Claims 6 and 7 rejected under 35 U.S.C. 103(a) as being unpatentable over Intermediate Accounting, 5th Edition by Loren Nikolai and John Bazley (see PTO-892, Ref. U). as applied to claim 1 above, and further in view of Official Notice.

22. As per claims 6 and 7, Nikolai and Bazley teach the method of claim 1 as described above. Nikolai and Bazley do not explicitly teach wherein the outputted calculated earnings per share values and the outputted calculated earnings per share risk values are plotted against one another and wherein the plot of calculated earnings per share values versus calculated earnings per share risk values is credit adjusted.

Official Notice is taken that plotting two or more variables on a graph against one another is very common and well known in the art.

Therefore, it would be obvious to a person of ordinary skill in the art at the time of the invention to combine the teachings of Nikolai, Bazley and Official Notice to plot variables on a graph against each other because it allows one to see a relationship between the variables.

23. Claim 13 rejected under 35 U.S.C. 103(a) as being unpatentable over Intermediate Accounting, 5th Edition by Loren Nikolai and John Bazley (see PTO-892, Ref. U). as applied to claim 10 above, and further in view of Makivic, U.S. Patent No. 6,061,662 (see attached PTO-892, Ref. A).

24. As per claim 13, Nikolai and Bazley teach the method of claim 10 as described above. Nikolai and Bazley do not explicitly teach wherein the iterations and calculations are carried out at least in part using a Monte Carlo simulation.

Makivic teaches wherein the iterations and calculations are carried out at least in part using a Monte Carlo simulation (see abstract).

Therefore, it would be prima facie obvious to a person of ordinary skill in the art at the time of the invention to combine the teachings of Nikolai, Bazley and Makivic to use Monte Carlo simulation for iterations and calculations because it is very flexible and can be applied to almost any problem as taught by Makivic (see column 1, lines 41-47).

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25. Claims 14 and 15 rejected under 35 U.S.C. 103(a) as being unpatentable over Intermediate Accounting, 5th Edition by Loren Nikolai and John Bazley (see PTO-892, Ref. U). as applied to claim 9 above, and further in view of Official Notice.

26. As per claims 14 and 15, Nikolai and Bazley teach the method of claim 1 as described above. Nikolai and Bazley do not explicitly teach wherein the outputted calculated earnings per share values and the outputted calculated earnings per share risk values are plotted against one another and wherein the plot of calculated earnings per share values versus calculated earnings per share risk values is credit adjusted.

Official Notice is taken that plotting two or more variables on a graph against one another is very common and well known in the art.

Therefore, it would be obvious to a person of ordinary skill in the art at the time of the invention to combine the teachings of Nikolai, Bazley and Official Notice to plot variables on a graph against each other because it allows one to see a relationship between the variables.

Conclusion

The prior art made of record and not relied upon is considered pertinent to applicant's disclosure.

1. Sams teach yourself Excel 97 in 10 minutes by Jennifer Fulton, Sams, 1998, pages 152-157.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Shahid R. Merchant whose telephone number is 571-270-1360. The examiner can normally be reached on First Friday Off.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, James P. Trammel can be reached on 571-272-6712. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

SRM



MARY D. CHEUNG
PRIMARY EXAMINER